

## **RECORD OF PROCEEDINGS**

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### **MINUTES OF THE BOARD OF WATER COMMISSIONERS**

**Open Session**

**May 10, 2006**

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, May 10, 2006 beginning at 9:35 a.m. in the Board Room, Room 309, 1600 West 12<sup>th</sup> Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

**George B. Beardsley, President**  
**Denise S. Maes, First Vice President**  
**Thomas A. Gougeon, Vice President**  
**Penfield Tate, Vice President**  
**Harris Sherman, Vice President**

Board employees and others present during portions of the Meeting were:

H. J. Barry, Manager  
P. L. Wells, General Counsel  
D. B. LaFrance, Director of Finance  
E. E. Pokorney, Director of Planning  
M. L. Bassett, Director of Public Affairs  
B. D. Good, Director of Operations and Maintenance  
J. H. Bambei, Jr., *acting* Director of Engineering  
C. R. Dermody, Director of Information Technology  
C. Elam-Floyd, Manager of Human Resources  
S. Duncan, Intergovernmental Affairs Coordinator  
G. T. Malmberg, Sales Administrator  
K. K. Kempke, Manager of Treasury Operations  
L. Firth, Manager of Community Relations  
T. L. McGuire-Collier, Manager of Media Relations  
J. E. Crockett, Manager of Risk & Benefit  
E. V. Gardener, Manager of Water Conservation  
M. L. Walker, Attorney  
H. C. Teigen, Chief of Distribution and Property Management

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C. S. Funk, Attorney  
D. J. Arnold, Attorney  
L. Dirks, Water Resource Engineer  
M. D. Waage, Water Resource Engineer  
C. Piper, Water Resource Engineer  
R. R. Stitt, Water Resource Tech  
S. Price, Engineer  
Steve Coffin, GBSM  
Tracy Fagin-Boyle, GBSM  
Mike Suple, Suple Advertising  
Molly Mueller, Suple Advertising  
Brett Grischo, Explore Communications  
Erin Hauser, Explore Communications  
Dave Romero, Denver Parks and Recreation  
Roberta Simonton, Citizens' Advisory Committee  
Mike Rose, Greenwood Village Resident

Commissioner Beardsley called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meeting of April 12, 2006 was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Session of April 12, 2006 were approved.

Commissioner Beardsley asked if there were comments from the public regarding matters not included in the Board's Agenda. There was no response.

Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

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**1. ITEM V-A-1: AMENDMENT TO OPERATING RULES, CHAPTER 12,  
REGARDING WATERING OF TURF**

Approved the following addition to Chapter 12 – Water Conservation, of the Operating Rules to include new Section 12.08 and subsection 12.08.1 governing irrigation of turf landscape:

12.08 Watering of Turf Landscape. Routine watering of turf shall be limited to three days per week, except for establishment of new turf from sod or seed.

12.08.1 This provision is not related to drought response, insufficient water supply or system emergency and therefore does not constitute a water use restriction within the meaning of Denver Water's various supply agreements and environmental permits.

**2. ITEM V-B-1: APPROVAL OF A TOTAL SERVICE WATER SERVICE  
AGREEMENT FOR THE BENNETT BEAR CREEK FARM WATER AND  
SANITATION DISTRICT**

Terminated Total Service Contract No. 7 dated February 10, 1982 with the Bennett Bear Creek Farm Water and Sanitation District, and authorized a new Water Service Agreement (Total Service) with Bennett Bear Creek Farm Water and Sanitation District effective May 10, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "A."

**3. ITEM V-C-1: UPDATE OF THE BROKERAGE ACCOUNT  
RESOLUTION**

Adopted a Resolution in the form of Exhibit "B" attached to and incorporated in these Minutes, regarding maintenance of security accounts necessary to purchase or sell investment securities for the Waterworks Fund.

In the discussion regarding adoption of the resolution, Commissioner Tate asked that the Finance Section provide a current list of brokerage accounts utilized by Denver Water.

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**4. ITEM V-D-1: CONTRACT FOR CONSULTING SERVICES FOR THE LAWN IRRIGATION RETURN FLOW QUANTIFICATION PROJECT**

Authorized agreements with W.W. Wheeler & Associates, Inc., and HRS Water Consultants, Inc., in the form of Exhibits "C" and "D" attached to and incorporated in these Minutes, necessary to quantify lawn irrigation return flows attributable to fully consumable water supplies in the Denver Water Combined Service Area, at a compensation not to exceed \$100,000 for each consultant, all as more specifically described in the attached Agreements.

**5. ITEM V-D-2: CONTRACT FOR UPGRADED TELE-COMMUNICATIONS FACILITIES CONNECTING THE WESTSIDE CAMPUS AND FOOTHILLS TREATMENT PLANT**

Approved a contract with Qwest Communications to provide a DS3 frame relay circuit with 3 PVC's necessary to replace existing T1 lines and to provide additional bandwidth to transfer data from the main IT Data Center at Denver Water's Administration Building to the Foothills Water Treatment Plant, at a cost to the Board not to exceed \$347,613.25, all as more specifically described in the Interstate Private Line Transport Services Pricing Plan Acknowledgment a copy of which is attached to and incorporated in these Minutes as Exhibit "E."

**6. ITEM V-D-3: AMENDMENT TO TOSHIBA CORPORATION PRINTER LEASE AGREEMENT**

Approved a one-year extension to the Agreement with Toshiba Corporation for lease and maintenance of the Toshiba eStudio310c printer at an additional cost to the Board not to exceed \$28,626.34.

**7. ITEM V-D-4: CHANGE ORDER NO. 1 – VAULT MODIFICATIONS ON CONDUIT NOS. 122, 125, 90, AND 16-INCH MAIN**

Approved Change Order No. 1 to the contract with T. Lowell Construction, Inc. for modifications to the Conduit No. 122 Vault for an additional \$56,963 together with a 28-day extension of time, all as more specifically described in the Change Order, a copy of which is attached to and incorporated in these Minutes as Exhibit "F."

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#### **8. ITEM V-D-5: AWARD OF CONTRACT TO FURNISH AND INSTALL CONDUIT NO. 151**

Authorized award of a contract to BT Construction, Inc., to furnish and install approximately 2,605 linear feet of 36" diameter pressure pipe and appurtenances necessary to extend Conduit No. 151 in Central Park Blvd., from Martin Luther King, Jr. Blvd. to 36<sup>th</sup> Avenue, in the Stapleton Redevelopment Area, at a cost to not to exceed \$601,700.

The Commissioners discussed the impact of the project on the capital plan as this phase of the project was originally budgeted for a shorter length of pipe. Mr. Bambei explained that Conduit No. 151 is a major transmission line serving customers in the Stapleton Redevelopment Area, and is being constructed as development occurs. Even with the additional length for this phase authorized by the Board in the current contract, approximately 2,500 feet remain to be installed. Ms. Wells explained the Board's costs are recovered in per-tap participation charges, which are imposed as tap fees are collected.

#### **9. ITEM V-D-6: RATIFICATION OF CONSTRUCTION CONTRACT CHANGE ORDERS**

Ratified Change Orders to Construction Contracts authorized by the Manager in March and April 2006 as follows:

Change Order No. 2 to the Contract with T. Lowell Construction, Inc., to furnish and install Conduit No. 153 from Happy Canyon Road to Hillcrest Pump Station;

Change Order No. 5 to the Contract with Central Fire Protection Contractors, Inc., to design and build the fire system modifications at the Foothills Treatment Plant;

Change Order No. 2 to the Contract with dcb Construction Company, Inc., for construction of the Westside Complex Building No. 5; and

Change Order No. 1 to the Contract with BT Construction, Inc. to furnish and install recycled water mains at the Denver Zoo and Russell Square Park,

all as more particularly described in Agenda Item V-D-6, dated May 10, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "G."

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#### 10. ITEM V-D-7: AMENDMENT TO CONTRACT FOR LEGAL SERVICES

Approved the First Amendment to the September 16, 2005 contract for legal services with Kelly | Haglund | Garnsey + Kahn to assist in-house counsel in providing representation of the Board in the case of Austin v. Denver Water, Civil Action No. 05-CV-1313, extending the term and compensation provided under the original Agreement.

#### 11. ITEM V-D-8: CONTRACT WITH CITY AND COUNTY OF DENVER

This matter was withdrawn from the Agenda.

#### 12. ITEM V-E-1: HUMAN RESOURCE CHANGES

Approved the human resource changes set forth in Agenda Item V-E-1 dated May 10, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "H," effective the pay period ending **May 5, 2006** unless otherwise noted.

#### 13. ITEM V-E-2: EMPLOYEES ELIGIBLE FOR REGULAR STATUS

The following employees were classified as regular employees of the Board, with all rights and privileges thereof, effective May 1, 2006, unless otherwise noted:

Employee Name	Employment Date	Retirement Plan Participation Date unless otherwise noted.	Division/Section
Jennifer Wasmuth	09/08/2003	09/08/2003	Information Technology #160
Thomas Walters	10/26/2005	10/26/2005	Recycled Water Plant #650

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#### **14. ITEM V-F-1: SETTLEMENT OF CLAIM RELATED TO 2004 MAIN BREAK ON BUCHEL BOULEVARD**

Approved payment of \$150,000 to the Colorado Department of Transportation in full settlement of the claim related to the December 4, 2004 water main break at 2200 South Buchtel Boulevard.

#### **15. ITEM VI-B-3: DISCUSSION AND INFORMATION: MANAGEMENT ISSUES, COMMUNICATIONS PLAN**

Steve Coffin of GBSM provided an overview of the Communications Plan for the Summer 2006. The plan emphasizes the need to use water wisely and to reinforce the water use ethic Denver Water's customers followed during the drought. The reinforcement of wise water use behavior will be communicated through newsletters, the Denver Water website, bill stuffers, reports to the public and media relations. Mr. Coffin outlined the basis for an advertising plan, and the importance for all persons connected with Denver Water to understand and be conversant with the program.

Mike Suple, of Suple Advertising, then described the goal of the advertising campaign, "Use Only What You Need". As a means of reinforcing the campaign, Mr. Suple provided draft advertising boards showing various methods which could be used to provide the message. The consensus of the Commissioners was the advertising campaign should be implemented. The Commissioners also discussed the need for the campaign to deepen the appreciation and understanding of water and the philosophy and mission of Denver Water.

#### **16. ITEM VI-B-2: DISCUSSION AND INFORMATION: MANAGEMENT ISSUES, FINANCIAL INVESTMENT COMMITTEE**

Mr. LaFrance provided the Commissioners with a proposed organizational model for the Financial Committee, a copy of which is attached to and incorporated in these Minutes as Exhibit "I." Mr. LaFrance explained the Committee would be involved in three separate areas: investments, financials and debt strategy. The Commissioners discussed the organization of the Committee and how it could provide expertise on the investment strategies for the retirement plans and the

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Waterworks Fund. The proposed structure of the Committee would include two Board members, Staff and persons outside Denver Water with specific expertise. The Commissioners discussed adding an audit function to the Committee structure. The consensus was that three committees would most logically be created: Budget and Debt Service; Finance and Audit; and Investment. The Commissioners discussed assessing the usefulness of the Committees after one year. Mr. LaFrance will continue to develop an organizational model for the three Committees and will investigate the availability of persons outside Denver Water with specific expertise to serve on the various Committees. The Commissioners discussed contacting potential representatives so that recommendations of appointees could be made to the Board as a whole.

#### **17. ITEM VI-B-1: DISCUSSION AND INFORMATION: MANAGEMENT ISSUES, LEGISLATIVE MATTERS**

Ms. Duncan discussed legislative matters which involved Denver Water in the session just concluded.

#### **18. ITEM VI-C-1: DISCUSSION AND INFORMATION: RUNOFF AND RESERVOIR REPORT**

Mr. Waage provided the Commissioners and the public with the Water Watch Report as of May 8 and 10, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "J." Mr. Waage explained the change in forecasts occasioned by the substantially lower than normal precipitation in both March and April 2006. Mr. Waage opined that Denver Water's storage as of July 1 will be 97% of full.

#### **PUBLIC COMMENT:**

Mike Rose, a resident of Greenwood Village, asked to speak to the Board regarding the impact of new water rates. Mr. Rose explained that his property contains approximately one acre of irrigated area and his landscaping requires significant amounts of water. Mr. Rose will meet with staff members to determine whether there are changes which could be made to his water use program to reduce an anticipated 30% increase in his water bill.



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#### 19. ITEM VI-F-1: DISCUSSION AND INFORMATION: STATUS OF THE INVESTMENT PORTFOLIO

The Commissioners received the report, "Denver Water Investment Portfolio as of April 28, 2006" as set forth in Agenda Item VI-F-1 dated May 10, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "K."

#### 20. ITEM VI-F-2: DISCUSSION AND INFORMATION: STATUS OF CONTRACT WORK

The Board was furnished with the report "Status of Contract Work", dated May 10, 2007, a copy of which is attached to and incorporated in these Minutes as Exhibit "L",

#### 21. ITEM VI-F-3: DISCUSSION AND INFORMATION: BUDGET STATUS REPORT

The Commissioners received the 2006 Budget Status Summary for the period ending April 30, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "M."

#### 22. ITEM VI-G-1: SCHEDULING OF FUTURE BOARD MEETINGS

The Board confirmed a Study Session will take place on **Wednesday, May 24, 2006**, commencing at **8:30 a.m.** in the Three Stone Buildings, 1600 W. 12<sup>th</sup> Avenue, Denver, Colorado. The topics to be discussed will include the ten-year water conservation plan, rates and water budgets and the Three State Endangered Species recovery plan. The Board members may adjourn the meeting for discussion of matters in executive session.

The Board confirmed the next regular meeting would take place on **Wednesday, June 21, 2006, at 9:15 a.m.** in the Board Room, Room 309, 1600 W. 12<sup>th</sup> Avenue, Denver, Colorado.

No further business appearing, the Board voted unanimously to adjourn into a Trustee's Meeting at approximately 11:20 a.m. Following the Trustee's Meeting, the Board met in Executive Session.

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### MINUTES OF THE BOARD OF WATER COMMISSIONERS

#### **EXECUTIVE SESSION**

On Wednesday, May 10, 2006, commencing approximately at 11:35 a.m. in the Manager's Office, located in the Administration Building, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matters which are authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34 were discussed during the Executive Session:

1. Negotiations regarding water rights § 24-6-402(4)(e)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 12:25 p.m.

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President

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Secretary